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C O N F I D E N T I A L SECTION 01 OF 02 CARACAS 000502

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TAGS: [EAGR](#) [ECON](#) [PGOV](#) [VE](#)
SUBJECT: AIR ACCIDENTS SHAKE UP VENEZUELAN AVIATION

REF: SMITH-STEUART EMAIL OF 3-17-08

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Classified By: Acting Economic Counselor Shawn Flatt for reasons 1.4 (b) and (d).

11. (C) Summary: Venezuela's civilian aviation authority, INAC, was recently restructured as a result of 13 aviation "incidents" including multiple plane crashes within a 2 month period. In one of his first acts, the new INAC Director rescinded US charter airlines Falcon Air Express and Sky Kings' clearances to fly to Venezuela due to unspecified safety concerns. As Venezuela's Aeropostal airline depended on these charter airlines to cover all of its US routes, INAC's actions left Aeropostal passengers stranded in Caracas and Miami. The resulting chaos seems to indicate the new INAC leadership did not evaluate the consequences of this action and that political concerns may continue to outweigh practical industry needs. Industry insiders postulate INAC's decisions with respect to the two US charter corporations had little or nothing to do with any specific safety concerns but were instead INAC's attempt to redeem itself by taking some action after the crashes in January and February, which claimed the lives of 64 passengers and crew. End Summary.

12. (C) Incidents thus far this year have resulted in a total of 64 deaths and one injury. The largest crash took place on February 21 when the Venezuelan airline Santa Barbara crash killed all 46 passengers and crew including one American. Prior to this, on January 4 the small Venezuelan airline Transaven had a plane crash en route to the island of Los Roques killing all 14 aboard. Other air "incidents" apparently involving small, private aircraft led to 4 deaths and an injury. Due to INAC's unwillingness to communicate with the USG, it has not been possible to obtain official plane crash data. However, based on information from DAO interviews with active duty pilots and the Venezuelan NGO Rescate, there have been 11 crashes in the past 12 months in addition to dozens of in-flight emergencies.

13. (C) Nelson Ramiz Jr., son of the former president of Aeropostal and current owner of Falcon Air Express (strictly protect throughout), told Econoff that he faults INAC for the Santa Barbara crash. He claims that INAC permitted Santa Barbara Airlines to fly in the Andes mountains knowing it did not meet safety standards. A month and a half after the

crash, INAC still has not sent the flight data recorders to France for analysis so this claim cannot be substantiated. There has also been very little progress on the investigation of the Transaven crash in January. Most of the passengers were Italian tourists. Their families traveled to Venezuela in March to demand information unsuccessfully.

¶4. (C) The series of crashes led to the dismissal of the former INAC president and an abrupt restructuring last month. Personal interactions with the new president, retired Air Force Captain Jose Martinez Bravo, have led Nelson Ramiz Sr. (strictly protect throughout) to believe that Bravo has very little knowledge of the airline industry. According to Ramiz Sr., Bravo's plan seems to be to arbitrarily deny charters like Sky King and Falcon Air permission to enter Venezuela to demonstrate that he is doing something about safety. He simply does not want a crash on his watch. Ramiz noted that just last week the US Department of Justice leased a Falcon Air plane. He argued that if Falcon Air is safe enough for the USG, why is it suddenly not safe enough for Venezuela?

¶5. (C) Ramiz Jr. also stated that INAC has never officially informed him of why Falcon Air can no longer fly to Venezuela. Informally, INAC told Falcon Air that its plane is too old. Ramiz Jr. pointed out that other airlines fly planes 15 years older than Falcon's to Venezuela on a regular basis and that this unwritten policy is inconsistent. Ramiz Sr. scheduled a meeting with Bravo on April 1 to clarify the situation. Bravo canceled the day of the meeting without explanation. (Note: Econoffs scheduled a meeting with Bravo in March to discuss Venezuela's violation of international aviation waiver requirements, but the meeting was canceled in similar fashion.)

¶6. (C) Falcon Air is a small US company that stands to lose 75 percent of its revenue with the loss of the Aeropostal

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contract. In the meantime, Aeropostal passengers are in limbo while the airline hunts for an airplane more acceptable to INAC. Even if Aeropostal comes up with a plane in the very tight US charter market, the Miami Station Manager told Econoff that he doubts that INAC will approve the aircraft. Venezuelan media reports that although Aeropostal has no planes to cover its Miami routes, INAC was obligating them to continue to sell tickets for these routes or risk a determination of breach of contract for suspending sales without INAC authorization.

¶7. (C) Ramiz Jr. said that even though the new owners of Aeropostal are supposedly well-connected Chavistas, it is impossible for Venezuelan domestic airlines to function in Venezuela due to a constantly changing regulatory environment and inability to obtain dollars for operating purposes. (Note: There are persistent rumors that the new owners of Aeropostal, Grupo Makled, have drug trafficking ties to be detailed septel.) This is where charter airlines like Falcon come in. The niche for charters is expanding as domestic airlines, such as Aeropostal and Santa Barbara, continue to fail to meet customer expectations and safety standards. Ramiz Jr. said he only wants INAC to tell him what is wrong with his plane so he can "fix" it and resume flights to and from Venezuela. He has been unable to get a response from BRV authorities to date.

¶8. (C) Comment: The new owners of Aeropostal tell Ramiz Sr. they have begun the lengthy process of getting Aeropostal re-certified to fly to the US. The previous, anti-Chavez ownership was never able to obtain this certification from the BRV, which forced them to lease planes from Falcon and Sky King. However, the new owners are well-connected Chavez supporters and may thus have more success on the Venezuelan side. Nevertheless, the US side of the process takes at least six months if all goes well. Without the services of charter airlines, it is unclear how Aeropostal can maintain its routes to the US. The immediate result of the new INAC

leadership's decisions has been more chaos for passengers and airlines. The one constant with INAC appears to be their lack of interest in dealing with the USG. End Comment.
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